

AMENDED IN ASSEMBLY MAY 13, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1533**

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**Introduced by Committee on Jobs, Economic Development, and the Economy (Assembly Members Eduardo Garcia (Chair), Kim (Vice Chair), Chau, Chu, Gipson, and Irwin)**

March 24, 2015

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An act to amend Section 63010 of, and to amend and renumber Section 12098.7 of, the Government Code, relating to state government.

LEGISLATIVE COUNSEL’S DIGEST

AB 1533, as amended, Committee on Jobs, Economic Development, and the Economy. Infrastructure financing.

(1) The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank, within the Governor’s Office of Business and Economic Development, to be governed by a specified board of directors. The act makes findings and declarations, provides definitions, and authorizes the board to take various actions in connection with the bank, including the issuance of bonds, as specified.

This bill, among other things, would revise the definition of economic development facilities to include facilities that are used to provide goods movement and would define goods movement-related infrastructure. The bill would revise the definition of port facilities to specifically reference airports, landports, waterports, and railports, and would expand the definition of a participating party to include an international governmental entity. *railports*.

(2) Existing law authorizes the Governor’s Office of Business and Economic Development and its director to expend specified funds.

This bill would renumber this provisions, and would instead authorize the California Infrastructure and Economic Development Bank and its executive director to expend these funds, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 63010 of the Government Code is  
2 amended to read:  
3 63010. For purposes of this division, the following words and  
4 terms shall have the following meanings unless the context clearly  
5 indicates or requires another or different meaning or intent:  
6 (a) “Act” means the Bergeson-Peace Infrastructure and  
7 Economic Development Bank Act.  
8 (b) “Bank” means the California Infrastructure and Economic  
9 Development Bank.  
10 (c) “Board” or “bank board” means the Board of Directors of  
11 the California Infrastructure and Economic Development Bank.  
12 (d) “Bond purchase agreement” means a contractual agreement  
13 executed between the bank and a sponsor, or a special purpose  
14 trust authorized by the bank or a sponsor, or both, whereby the  
15 bank or special purpose trust authorized by the bank agrees to  
16 purchase bonds of the sponsor for retention or sale.  
17 (e) “Bonds” means bonds, including structured, senior, and  
18 subordinated bonds or other securities; loans; notes, including  
19 bond, revenue, tax, or grant anticipation notes; commercial paper;  
20 floating rate and variable maturity securities; and any other  
21 evidences of indebtedness or ownership, including certificates of  
22 participation or beneficial interest, asset backed certificates, or  
23 lease-purchase or installment purchase agreements, whether taxable  
24 or excludable from gross income for federal income taxation  
25 purposes.  
26 (f) “Cost,” as applied to a project or portion thereof financed  
27 under this division, means all or any part of the cost of construction,  
28 renovation, and acquisition of all lands, structures, real or personal  
29 property, rights, rights-of-way, franchises, licenses, easements,  
30 and interests acquired or used for a project; the cost of demolishing  
31 or removing any buildings or structures on land so acquired,  
32 including the cost of acquiring any lands to which the buildings

1 or structures may be moved; the cost of all machinery, equipment,  
2 and financing charges; interest prior to, during, and for a period  
3 after completion of construction, renovation, or acquisition, as  
4 determined by the bank; provisions for working capital; reserves  
5 for principal and interest and for extensions, enlargements,  
6 additions, replacements, renovations, and improvements; and the  
7 cost of architectural, engineering, financial and legal services,  
8 plans, specifications, estimates, administrative expenses, and other  
9 expenses necessary or incidental to determining the feasibility of  
10 any project or incidental to the construction, acquisition, or  
11 financing of any project, and transition costs in the case of an  
12 electrical corporation.

13 (g) “Economic development facilities” means real and personal  
14 property, structures, buildings, equipment, and supporting  
15 components thereof that are used to provide industrial, recreational,  
16 research, commercial, utility, goods movement, or service  
17 enterprise facilities, community, educational, cultural, or social  
18 welfare facilities and any parts or combinations thereof, and all  
19 facilities or infrastructure necessary or desirable in connection  
20 therewith, including provision for working capital, but shall not  
21 include any housing.

22 (h) “Electrical corporation” has the meaning set forth in Section  
23 218 of the Public Utilities Code.

24 (i) “Executive director” means the Executive Director of the  
25 California Infrastructure and Economic Development Bank  
26 appointed pursuant to Section 63021.

27 (j) “Financial assistance” in connection with a project, includes,  
28 but is not limited to, any combination of grants, loans, the proceeds  
29 of bonds issued by the bank or special purpose trust, insurance,  
30 guarantees or other credit enhancements or liquidity facilities, and  
31 contributions of money, property, labor, or other things of value,  
32 as may be approved by resolution of the board or the sponsor, or  
33 both; the purchase or retention of bank bonds, the bonds of a  
34 sponsor for their retention or for sale by the bank, or the issuance  
35 of bank bonds or the bonds of a special purpose trust used to fund  
36 the cost of a project for which a sponsor is directly or indirectly  
37 liable, including, but not limited to, bonds, the security for which  
38 is provided in whole or in part pursuant to the powers granted by  
39 Section 63025.1; bonds for which the bank has provided a  
40 guarantee or enhancement, including, but not limited to, the

1 purchase of the subordinated bonds of the sponsor, the subordinated  
2 bonds of a special purpose trust, or the retention of the subordinated  
3 bonds of the bank pursuant to Chapter 4 (commencing with Section  
4 63060); or any other type of assistance deemed appropriate by the  
5 bank or the sponsor, except that no direct loans shall be made to  
6 nonpublic entities other than in connection with the issuance of  
7 rate reduction bonds pursuant to a financing order or in connection  
8 with a financing for an economic development facility.

9 For purposes of this subdivision, “grant” does not include grants  
10 made by the bank except when acting as an agent or intermediary  
11 for the distribution or packaging of financing available from  
12 federal, private, or other public sources.

13 (k) “Financing order” has the meaning set forth in Section 840  
14 of the Public Utilities Code.

15 (l) “Guarantee trust fund” means the California Infrastructure  
16 Guarantee Trust Fund.

17 (m) “Infrastructure bank fund” means the California  
18 Infrastructure and Economic Development Bank Fund.

19 (n) “Loan agreement” means a contractual agreement executed  
20 between the bank or a special purpose trust and a sponsor that  
21 provides that the bank or special purpose trust will loan funds to  
22 the sponsor and that the sponsor will repay the principal and pay  
23 the interest and redemption premium, if any, on the loan.

24 (o) “Participating party” means any person, company,  
25 corporation, association, state, ~~international~~, or municipal  
26 governmental entity, partnership, firm, or other entity or group of  
27 entities, whether organized for profit or not for profit, engaged in  
28 business or operations within the state and that applies for financing  
29 from the bank in conjunction with a sponsor for the purpose of  
30 implementing a project. However, in the case of a project relating  
31 to the financing of transition costs or the acquisition of transition  
32 property, or both, on the request of an electrical corporation, or in  
33 connection with financing for an economic development facility,  
34 or for the financing of insurance claims, the participating party  
35 shall be deemed to be the same entity as the sponsor for the  
36 financing.

37 (p) “Project” means designing, acquiring, planning, permitting,  
38 entitling, constructing, improving, extending, restoring, financing,  
39 and generally developing public development facilities or economic  
40 development facilities within the state or financing transition costs

1 or the acquisition of transition property, or both, upon approval of  
2 a financing order by the Public Utilities Commission, as provided  
3 in Article 5.5 (commencing with Section 840) of Chapter 4 of Part  
4 1 of Division 1 of the Public Utilities Code.

5 (q) "Public development facilities" means real and personal  
6 property, structures, conveyances, equipment, thoroughfares,  
7 buildings, and supporting components thereof, excluding any  
8 housing, that are directly related to providing the following:

9 (1) "City streets" including any street, avenue, boulevard, road,  
10 parkway, drive, or other way that is any of the following:

11 (A) An existing municipal roadway.

12 (B) Is shown upon a plat approved pursuant to law and includes  
13 the land between the street lines, whether improved or unimproved,  
14 and may comprise pavement, bridges, shoulders, gutters, curbs,  
15 guardrails, sidewalks, parking areas, benches, fountains, plantings,  
16 lighting systems, and other areas within the street lines, as well as  
17 equipment and facilities used in the cleaning, grading, clearance,  
18 maintenance, and upkeep thereof.

19 (2) "County highways" including any county highway as defined  
20 in Section 25 of the Streets and Highways Code, that includes the  
21 land between the highway lines, whether improved or unimproved,  
22 and may comprise pavement, bridges, shoulders, gutters, curbs,  
23 guardrails, sidewalks, parking areas, benches, fountains, plantings,  
24 lighting systems, and other areas within the street lines, as well as  
25 equipment and facilities used in the cleaning, grading, clearance,  
26 maintenance, and upkeep thereof.

27 (3) "Drainage, water supply, and flood control" including, but  
28 not limited to, ditches, canals, levees, pumps, dams, conduits,  
29 pipes, storm sewers, and dikes necessary to keep or direct water  
30 away from people, equipment, buildings, and other protected areas  
31 as may be established by lawful authority, as well as the  
32 acquisition, improvement, maintenance, and management of  
33 floodplain areas and all equipment used in the maintenance and  
34 operation of the foregoing.

35 (4) "Educational facilities" including libraries, child care  
36 facilities, including, but not limited to, day care facilities, and  
37 employment training facilities.

38 (5) "Environmental mitigation measures" including required  
39 construction or modification of public infrastructure and purchase

1 and installation of pollution control and noise abatement  
2 equipment.

3 (6) “Parks and recreational facilities” including local parks,  
4 recreational property and equipment, parkways, and property.

5 (7) “Port facilities” including airports, landports, waterports,  
6 railports, docks, harbors, ports of entry, piers, ships, small boat  
7 harbors and marinas, and any other facilities, additions, or  
8 improvements in connection therewith, that transport goods or  
9 persons.

10 (8) “Power and communications” including facilities for the  
11 transmission or distribution of electrical energy, natural gas, and  
12 telephone and telecommunications service.

13 (9) “Public transit” including air and rail transport, airports,  
14 guideways, vehicles, rights-of-way, passenger stations,  
15 maintenance and storage yards, and related structures, including  
16 public parking facilities, and equipment used to provide or enhance  
17 transportation by bus, rail, ferry, or other conveyance, either  
18 publicly or privately owned, that provides to the public general or  
19 special service on a regular and continuing basis.

20 (10) “Sewage collection and treatment” including pipes, pumps,  
21 and conduits that collect wastewater from residential,  
22 manufacturing, and commercial establishments, the equipment,  
23 structures, and facilities used in treating wastewater to reduce or  
24 eliminate impurities or contaminants, and the facilities used in  
25 disposing of, or transporting, remaining sludge, as well as all  
26 equipment used in the maintenance and operation of the foregoing.

27 (11) “Solid waste collection and disposal” including vehicles,  
28 vehicle-compatible waste receptacles, transfer stations, recycling  
29 centers, sanitary landfills, and waste conversion facilities necessary  
30 to remove solid waste, except that which is hazardous as defined  
31 by law, from its point of origin.

32 (12) “Water treatment and distribution” including facilities in  
33 which water is purified and otherwise treated to meet residential,  
34 manufacturing, or commercial purposes and the conduits, pipes,  
35 and pumps that transport it to places of use.

36 (13) “Defense conversion” including, but not limited to, facilities  
37 necessary for successfully converting military bases consistent  
38 with an adopted base reuse plan.

1 (14) “Public safety facilities” including, but not limited to, police  
2 stations, fire stations, court buildings, jails, juvenile halls, and  
3 juvenile detention facilities.

4 (15) “State highways” including any state highway as described  
5 in Chapter 2 (commencing with Section 230) of Division 1 of the  
6 Streets and Highways Code, and the related components necessary  
7 for safe operation of the highway.

8 (16) (A) “Military infrastructure,” including, but not limited  
9 to, facilities on or near a military installation, that enhance the  
10 military operations and mission of one or more military  
11 installations in this state. To be eligible for funding, the project  
12 shall be endorsed by the Office of Planning and Research.

13 (B) For purposes of this subdivision, “military installation”  
14 means any facility under the jurisdiction of the Department of  
15 Defense, as defined in paragraph (1) of subsection (e) of Section  
16 2687 of Title 10 of the United States Code.

17 (17) “Goods movement-related infrastructure” including port  
18 facilities, roads, rail, and other facilities and projects that move  
19 goods, energy, and information.

20 (r) “Rate reduction bonds” has the meaning set forth in Section  
21 840 of the Public Utilities Code.

22 (s) “Revenues” means all receipts, purchase payments, loan  
23 repayments, lease payments, and all other income or receipts  
24 derived by the bank or a sponsor from the sale, lease, or other  
25 financing arrangement undertaken by the bank, a sponsor, or a  
26 participating party, including, but not limited to, all receipts from  
27 a bond purchase agreement, and any income or revenue derived  
28 from the investment of any money in any fund or account of the  
29 bank or a sponsor and any receipts derived from transition property.  
30 Revenues shall not include moneys in the General Fund of the  
31 state.

32 (t) “Special purpose trust” means a trust, partnership, limited  
33 partnership, association, corporation, nonprofit corporation, or  
34 other entity authorized under the laws of the state to serve as an  
35 instrumentality of the state to accomplish public purposes and  
36 authorized by the bank to acquire, by purchase or otherwise, for  
37 retention or sale, the bonds of a sponsor or of the bank made or  
38 entered into pursuant to this division and to issue special purpose  
39 trust bonds or other obligations secured by these bonds or other  
40 sources of public or private revenues. Special purpose trust also

1 means any entity authorized by the bank to acquire transition  
2 property or to issue rate reduction bonds, or both, subject to the  
3 approvals by the bank and powers of the bank as are provided by  
4 the bank in its resolution authorizing the entity to issue rate  
5 reduction bonds.

6 (u) “Sponsor” means any subdivision of the state or local  
7 government including departments, agencies, commissions, cities,  
8 counties, nonprofit corporations formed on behalf of a sponsor,  
9 special districts, assessment districts, and joint powers authorities  
10 within the state or any combination of these subdivisions that  
11 makes an application to the bank for financial assistance in  
12 connection with a project in a manner prescribed by the bank. This  
13 definition shall not be construed to require that an applicant have  
14 an ownership interest in the project. In addition, an electrical  
15 corporation shall be deemed to be the sponsor as well as the  
16 participating party for any project relating to the financing of  
17 transition costs and the acquisition of transition property on the  
18 request of the electrical corporation and any person, company,  
19 corporation, partnership, firm, or other entity or group engaged in  
20 business or operation within the state that applies for financing of  
21 any economic development facility, shall be deemed to be the  
22 sponsor as well as the participating party for the project relating  
23 to the financing of that economic development facility.

24 (v) “State” means the State of California.

25 (w) “Transition costs” has the meaning set forth in Section 840  
26 of the Public Utilities Code.

27 (x) “Transition property” has the meaning set forth in Section  
28 840 of the Public Utilities Code.

29 SEC. 2. Section 12098.7 of the Government Code is amended  
30 and renumbered to read:

31 63089.63. (a) Notwithstanding any other law, effective January  
32 1, 2008, the Economic Adjustment Assistance Grant funded  
33 through the United States Economic Development Administration  
34 under Title IX of the Public Works and Economic Development  
35 Act of 1965 (Grant No. 07–19–02709 and 07–19–2709.1) shall be  
36 administered by the director, and, for the purpose of state  
37 administration of this grant, the executive director shall be deemed  
38 to be the successor to the Director of the Governor’s Office of  
39 Business and Economic Development and the former Secretary  
40 of Business, Transportation and Housing and the former Secretary



1 of Technology, Trade and Commerce. The executive director may  
2 assign and contract administration of the grant to a public agency  
3 created pursuant to Chapter 5 (commencing with Section 6500)  
4 of Division 7 of Title 1.

5 (b) On January 1, 2008, all federal moneys held in the Sudden  
6 and Severe Economic Dislocation Grant Account within the Special  
7 Deposit Fund are hereby transferred to the Small Business  
8 Expansion Fund created pursuant to Section 63089.5 of the  
9 Government Code for expenditure by the office pursuant to Chapter  
10 6 (commencing with Section 63088) of the Government Code for  
11 purposes of the Sudden and Severe Economic Dislocation Grant  
12 program, or other purposes permitted by the cognizant federal  
13 agency.

14 (c) All loan repayments received on or after January 1, 2008,  
15 for the Sudden and Severe Economic Dislocation Grant program  
16 loans issued pursuant to former Section 15327 (repealed by Section  
17 1.8 of Chapter 229 of the Statutes of 2003 (AB 1757)) and this  
18 section, shall be deposited into the Small Business Expansion Fund  
19 and shall be available to the office for expenditure pursuant to the  
20 provisions of Chapter 6 (commencing with Section 63088) of the  
21 Government Code for the Sudden and Severe Economic  
22 Dislocation Grant program, or other purposes permitted by the  
23 cognizant federal agency.